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CENTRAL INTELLIGENCE AGENCY

APPROVED FOR RELEASE
DATE: MAY 2003

Washington 25 DEC 6 1952

OFFICE OF THE DIRECTOR

The Honorable William C. Foster
Deputy Secretary of Defense
Washington, D. C.

Dear Mr. Foster:

EO 12958 3.3(b)(1) >25Yrs When Allen Dulles was [] recently he had a talk []
EO 12958 3.3(b)(6) >25Yrs [] with
(C) regard to the possible use of the power inherent in the offshore
purchase program to reduce the Communist hold over labor unions []
[]

EO 12958 3.3(b)(1) >25Yrs The practical situation, as you know, is that the major labor
EO 12958 3.3(b)(6) >25Yrs unions in each of these countries, [] are Communist-
(C) dominated and are used by the local Communist parties, presumably under
Kremlin instructions, as a spearhead for Communist activities in the
two countries. If we can break this Communist hold on labor []
[] we will make a major step forward in the cold war and at the
same time remove a serious potential danger behind our own NATO lines.

EO 12958 3.3(b)(1) >25Yrs It is probably impractical to refuse to place a contract with a
EO 12958 3.3(b)(6) >25Yrs given factory [] solely because a majority of the
(C) workers in the factory are on the Communist rolls. To do this might
be to cut off essential procurement in these two countries. On the
other hand, there will be instances where a particular factory can
be put on notice that unless certain designated Communist agitators
in that plant are dismissed, or unless appropriate support can be
given to anti-Communist groups, the contract may be placed elsewhere.
If, in a few instances, we can in this way destroy or reduce the influ-
ence of Communist top leadership in certain plants, the power of the
rank and file will be decreased and the word will rapidly spread from
plant to plant.

EO 12958 3.3(b)(1) >25Yrs Dulles found [] very receptive to the idea and []
(C) suggested that I bring it to your attention so as to insure continued
cooperation of those in the Defense establishment who are particularly
concerned with the placing of offshore procurement contracts.

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EO 12958 3.3(b)(1) X 25 Yrs
EO 12958 3.3(b)(6) X 25 Yrs
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I recognize that this program requires finesse and that bludgeon methods or the laying down of hard rules are impractical. I believe, however, that we have here a power to strike a blow at Communism in labor unions [redacted] which is not now being fully exploited and in view of our responsibility for covert measures against Communist activities I ask your help to see that we start to exploit it.

A copy of this letter is going to Averell Harriman in view of his interest in this matter as Director for Mutual Security and to David Bruce, as member of the PSB.

Sincerely,

SIGNED

Walter B. Smith
Director

cc: Averell Harriman ✓
David Bruce